



MEETING SUMMARY

California Water Plan Update 2018

Plenary Meeting

October 25, 2016 | Sacramento, CA

Department of Water Resources

Prepared by the Center for Collaborative Policy, Sacramento State University

Table of Contents

Background	1
Meeting Objectives	1
A. Welcome, Introductions, and Agenda Review	2
B. Water Management Context for Update 2018	2
C. California Water Action Plan Principals	2
D. Current Setting-Sustainable Groundwater Management Act (SGMA) and Regional Management.....	3
E. Update 2018 – Envisioning California Water Sustainability	3
F. Panel: Water Action Plan Implementation Challenges.....	4
G. Investment and Finance Planning in Update 2018	7
H. Attendees.....	9

Background

For almost 60 years, the California Water Plan (CWP) has served as the State government’s comprehensive guide to managing and developing water resources across California. Currently, the California Department of Water Resources (DWR) has focused the CWP to work as a key resource to implement Governor Edmond G. Brown Jr.’s California Water Action Plan (WAP).

The collaborative planning framework of the CWP provides elected officials, agencies, tribes, water and resource managers, businesses, academia, other interest-based stakeholders and the general public to make informed decisions regarding California’s water future. DWR is required to update the plan every five years. The last several versions of the plan have emphasized the State’s commitment to integrated water management. This was the plenary meeting of the CWP Update 2018 (Update 2018). All five volumes of Update 2013 (Update 2013) are available for reference or download at <http://www.waterplan.water.ca.gov/cwpu2013/final/>.

Meeting Objectives

- Describe evolution of CWP to (1) report implementation of California Water Action Plan, (2) develop a 5-year investment strategy and finance plan (WAP Action 10), and (3) recommend long-term State policy and investment priorities for water management



- Achieve a common understanding of sustainable water management

A. Welcome, Introductions, and Agenda Review

Kamyar Guivetchi, Manager, DWR welcomed participants and reviewed general housekeeping items. He conducted an exercise that called out the types of organizations represented in the room. Of the participants, he asked members of the State Agency Steering Committee, Policy Advisory Committee, and previous Advisory Committee alumni to self-identify.

Mr. Guivetchi also notified participants of the Water Plan eNews Weekly Newsletter and encouraged their participation to receive regular updates. He reviewed an article from December 2015 that described the Update 2018 effort.

He concluded by summarizing DWR's expectations for the conversation. DWR intends to frame the CWP around sustainable water management, emphasizing reliability, restoration, and resilience. Update 2018 will build on Update 2013 and will include recommendations on implementing the financing plan.

B. Water Management Context for Update 2018

Marc Cowin, Director, DWR, provided his insights into Update 2018. In past years, the CWP sought to develop consensus, but it was never a binding agreement. Recently, DWR has made efforts to increase transparency and collaborative processes of the CWP. The CWP and WAP will continue to provide opportunities for transparent policy development and more substantive action.

Mr. Cowin explained that DWR is seeking advice on policy issues including governance, data and information sharing, science and adaptive management, and financing.

Discussion

There were no questions or comments at this time.

C. California Water Action Plan Principals

Mr. Guivetchi introduced the panelists and asked that they provide a brief overview of their perspectives.

- Kris Tjernell, Special Assistant for Water Policy, California Natural Resources Association, expressed the importance of the CWP and the opportunities for learning from the past. The CWP, and specifically Update 2018 is a vehicle to continue institutionalizing the WAP. The CWP was foundational to the creation of the WAP; and is a comprehensive and encompassing document. Collaboration is necessary to informing policy.
- Jim Houston, Undersecretary, California Department of Food and Agriculture (CDFA), noted that CDFA does not have regulatory authority over water, but its constituents are necessary to the discussion. Water is a complex system. The drought conditions have negatively affected agriculture, and the CWP provides the venue for that dialogue. It is helpful to see the WAP as a testament of strategic planning because of interagency



coordination and collaboration. As time passes and we continue to learn, the CWP must include adaptive management.

- Eric Oppenheimer Chief Deputy Director, State Water Resources Control Board (SWRCB), explained that the CWP evolves and informs decision-making processes. Three things he appreciates about the WAP include, (1) it is concise; (2) it is easy to understand, and it deals head-on with complex water management challenges; and (3) it is actionable. Mr. Oppenheimer summarized the 10 key actions of the WAP and reviewed other SWRCB activities including Executive order B-37-16, Proposition 1 funding and advancing the coequal goals in the Delta.

D. Current Setting-Sustainable Groundwater Management Act (SGMA) and Regional Management

Gary Bardini, Deputy Director, DWR, reflected on the progress of the CWP, highlighting the 'world that once was' the 'world that is' and the 'world we want to build for the future'. He recognized the desire to move towards sustainability at a regional level. He highlighted the essence of SGMA was to (1) address groundwater; (2) further data management; (3) increase science and adaptability, and (4) develop financing institutions to continue these efforts. Ultimately, the State intends to increase capacity, continue to provide activity assistance and oversight, and strengthen regional management.

Discussion

There were no questions or comments at this time.

E. Update 2018 – Envisioning California Water Sustainability

Mr. Guivetchi highlighted the importance of focusing on intended outcomes rather than the actions. If participants support the outcomes, deciding on actions is less adversarial. He also emphasized the need to build shared intent among all water managers and levels of government to manage water sustainably. Sustainability is not a destination but a process. The uncertainties ensure adaptive management occurs.

Paul Massera presented the evolution of the CWP, highlighting Update 2013. Update 2013 provided a comprehensive suite of recommendations designed to make California water management systems more resilient and sustainable for future generations. From Update 2013, three themes emerged, 1) the State's commitment to integrated water management, 2) strengthening government agency alignment, and 3) investing in innovation and infrastructure. Action 10 of the WAP recognizes the challenges of finance complexities, inadequate base budgets, the cultural shift from reactive to proactive, and the need to cultivate reliable sources of funding. It calls for barrier removal, finance strategy development, and analysis of user and polluter fees. Mr. Massera also reviewed the intended outcomes, barriers to sustainability, and a greater effectiveness of State investment and policy.

DWR encouraged participants to take part in an interactive phone survey that asked participant's thoughts on how the CWP will define sustainability.



- Most people indicated they needed more information on the matter.

F. Panel: Water Action Plan Implementation Challenges

DWR staff then introduced a different set of panelists including, Art Hinojosa Division Chief, DWR, Regional Management; Ajay Goyal Principal Engineer, DWR, Water availability; Darrin Polhemus Deputy Director, SWRCB, Water Quality Management; and Kelly Briggs, Environmental Program Manager, DWR, Regulation and permitting. DWR developed a series of questions encompassing four topic areas: understanding sustainability, regulation and permitting, funding and governance.

Q&A

Panelists responded to DWR questions (in bold). Their responses are summarized below.

- **Q: It seems impossible to align efforts without shared intent. The water plan team is proposing that shared intent for water managers; focus on sustainability and that dynamic balance of the four societal values. (Public health and safety, a healthy economy, thriving ecosystems and providing opportunities for enriching experiences) What can we, as water managers and the water plan team, do to help develop shared intent for sustainability across all resource management sectors?**
 - **Mr. Hinojosa:** It is incumbent upon DWR and State partners to frame the parameters on which we articulate the values and how to balance them. No one set of provisions will fit across the State. Interests vary and values evolve, to be successful we need to articulate a framework and come together as a community to ascertain the best balance. It is important to regularly check in, and determine if are we achieving the goals, and the goals are achieving the outcomes. Adaptive management will be essential to a successful process.
 - **Mr. Goyal:** Water is the most shared resource in the world. We must be able to balance the ecosystem and human consumption. Regulations (biological opinions) determine how consumers can divert or pump to meet the core water requirements. These regulations protect sustainability at a State level. SGMA intends to bring groundwater back to sustainable levels. It will require innovation of new projects to replenishing levels sustainably.
 - **Mr. Polhemus:** We always like to focus on the problems, but the reality is that we have just gone through a drought that would have brought most countries to their knees. Our system is resilient. As things evolve, (i.e. climate change, population growth) there is a need to respond. From the beginning, the founding political institutions established a local-up approach. Developing the shared intent is important; make it a highlight of the CWP.

Survey

DWR encouraged participants to take part in an interactive phone survey that asked participants to rate the sustainability of water management in California.



- Most people indicated, “There is hope”.

Q&A

Panelists responded to DWR questions (in bold). Their responses are summarized below.

- **Q: there are situations in which existing environmental protection, resource management and infrastructure management laws or policies do not work easily together for a multi-benefit system management, which can impede water management agencies in carrying out their missions. How can the approach to regulations and permitting be improved to design a more effective way to manage towards sustainability? What challenges have you or your stakeholders experienced? How can the water plan help improve the effectiveness of regulations and permitting in supporting the four societal goals?**
 - **Ms. Briggs:** California developed its infrastructure many years ago (i.e. the State/Federal plan for flood control was developed in the early 1900s). Over time, we got smarter about other resources that needed protection (i.e. the Cuyahoga River on fire led to the Clean Water Act) and developed resource protection laws. It is important to acknowledge the systems we currently have and adjust implementation. Every agency is struggling to get work done. It is also important to recognize the challenges and discuss them collaboratively. The CWP is helping to bring the issue of funding out for discussion. One of the challenges is that agencies were not organized or funded to work collaboratively. We do not have the structures to make informed policy-making at appropriate levels. It would be beneficial to develop structures and process so there is information sharing across appropriate levels.
 - **Mr. Polhemus:** Often times, the regulators are more frustrated than the regulated entities. Times change and adjusting for that is key. It is important to look back, identify the intent, and have an open dialogue. Many of the structures we have in the State are flexible, but could use improvement. It is not a static system, participants need to work with the regulators, and together we can achieve shared success.

Survey

DWR encouraged participants to take part in an interactive phone survey that asked how California might revisit regulations to encourage sustainability.

- Most people indicated regulations must be adaptable to locations.

Q&A

Panelists responded to DWR questions (in bold). Their responses are summarized below.

- **Q: Changing the status quo may be expensive. Many have said that historical patterns of funding have consistently neglected significant areas within the water management**



system such as ecosystem sustainability, water quality management and flood management. How can we modify this pattern of investment?

- **Mr. Goyal:** In 2014, voters approved Proposition 1. Chapter 8 of Proposition 1 has \$2.7 million for investment in water storage projects. The funding would only go towards costs allocated to the benefit categories of ecosystem improvements and emergency storage and recreation. This bond will encourage investment in storage projects. SGMA provides the opportunity to invest in these storage projects. Over the last 100 years, California engineers built dams to support irrigation, flood control, water supply, hydropower, ecosystem improvement, and water quality. We need reservoirs to replenish groundwater and it should qualify for public funding.
- **Mr. Hinojosa:** Bonds are good for capital improvements, but are not a sustainable form of financing. We need to find a way to acquire and distribute consistent funding to agencies that distribute water. Some have rate structures that allow for income generation. It is important to get people to realize that we have to pay for it and the only way to do that is to assess ourselves, to meet the needs of the local and State levels.
- **Mr. Polhemus:** Engineers often create a construct of what a product is going to cost. In the early days it was a pure extraction scenario, we now need to evolve our thinking to look past that. How, when you pitch a project, do you tell people that they are responsible for building a project and maintaining the ecosystem, as well as explain the benefits they have derived from that investment. It comes at a cost, is it a fair cost? We will have disparity areas. There are communities that cannot afford to get clean water; we will need to divert funds to help those individuals.

Survey

DWR encouraged participants to take part in an interactive phone survey that asked what California should do to assure stable funding that encourages sustainability. Answers varied, but results follow.

- Statewide assessments
- Increase taxes locally
- Beg for more general funds

Q&A

Panelists responded to DWR questions (in bold). Their responses are summarized below.

- **Q: Our existing institutions and governance structures were formed during a different area of water management, and in many cases, they are not suitable for, and at times, get in the way of managing towards sustainability. What can be done to improve water governance and agency alignment?**
 - **Mr. Goyal:** There are three major challenges that will influence governance. The first is that SGMA GSAs will have to manage groundwater and replenishment.



The second is that the SWRCB is coming up with recommendations that update the water quality control plan. This plan asks local agencies to give up water for the ecosystem, which will influence water operations for human use. How do you manage at local level, when users will have limited water supply? The final upcoming challenges are climate change and sea level rise. It will be necessary to meet the challenges of water quality and supply.

- **Mr. Hinojosa:** There are many different agencies in California. It would be an interesting exercise to start from scratch. How would we organize to manage sustainably? How do we evolve? The State can always do more. It will be a challenge to balance State involvement, but the river basin scale is the most appropriate approach. The more independent and capable the areas are, the more freedom they get to manage their regions.
- **Ms. Briggs:** What are the needs and where are the opportunities? It will require a mix of disciplines and agencies to bring people together to develop a master plan. It is important to outreach to land managers and review the organizational structures and processes.
- **Mr. Polhemus:** We need the complex system that we have; the question is how do we get it to work together? The CWP brings people together and gathers shared approaches. How can we make local and regional entities look beyond themselves? If we create a conversation about governance, we will make great progress.

Participant Recommendations/Comments

- Do a better job of public relations. There is a stigma that SGMA is a burden. It is important to emphasize that with SGMA in place, more water will be available in the future.
- Is water a public good or private good? Private goods are excludable whereas public goods are non-excludable. Based on the ability to pay, a household that brings in higher income does not necessarily use more water. Consider more revenue bonds than general obligation bonds.
- How might we optimize crop production given future crop competition for water?

G. Investment and Finance Planning in Update 2018

Mr. Massera provided a brief presentation of the finance findings of Update 2013. Proposition 1 included a list of items that people were willing to pay for based on recent events and challenges. Proposition 1 reflects a project-centric funding approach. It does not necessarily represent the State's priorities from a sustainability perspective. Update 2018 seeks to establish the priorities in a five-year plan, and then define the funding options necessary to achieve those priorities. Update 2018 will build from the barriers and challenges found in Update 2013. DWR recommends a more coordinated and consistent funding approach across the State; increase cost effectiveness, efficiencies, and accountability; increase the certainty of desired outcomes; and prioritization based on shared values.



Mike Mierzwa, Flood Planning Office Chief, DWR presented two case studies highlighting investment priorities and finance. The first case study focused on statewide flood investments. Effective flood management requires a shared intent to achieve long-term goals, demonstrates value to the public, has stable and sustainable funding, and creates approaches to working together and securing funding. Recent water management trends reveal that flood management needs exceed available funding, and financing is reactive and inconsistent. Flood management funding usually increases following a flood disaster then decreases again. It is also susceptible to reductions in dry years and economic downturns. DWR is proposing a collaborative approach, working at the river basin scale.

Mr. Mierzwa then presented the second case study on the Central Valley California Flood Protection Plan. California's Central Valley landscape is still predominantly agricultural in character. In 1986 and 1997, massive floods overwhelmed the system and Californians continue to pay the price over a decade later. DWR must update the State Plan of Flood Control every five years (in years ending in two and seven). Funding is not sufficient or sustainable. Current spending is \$300,000,000 per year, when it needs to be at \$130,000,000 per year. System-scaled investment plans represent different levels of detail, making it necessary to focus more on outcomes of actions than individual projects. System-scaled plans need to identify challenges to implementation and can utilize policy recommendations to aid in success. There is a difference between planning horizon and a functional design life, but we must consider both. It is necessary to have a diverse portfolio of investment actions, policy recommendations, and financing mechanisms.

Discussion

Following the presentation, DWR asked participants to respond to three questions, and share their thoughts with a small group. Each table then selected one person to report out on the group conversation. A summary of responses follows.

Question 1: Thinking about the Governor's Water Action Plan direction and the CWP format: from the list below, what are the top 2-3 items that you suggest DWR focus on? What is important about your top 2-3 items?

- | | |
|-----------------------------------|---------------------------------|
| 1. Shared Intended Outcomes | 5. State Roles and Partnerships |
| 2. Policy and Actions Assessments | 6. Funding Demands |
| 3. Existing Funding | 7. Effective Funding Mechanisms |
| 4. Funding Gaps | 8. Return on Investments |

Responses/Recommendations/Comments

- Multiple groups selected 'Return on Investments (ROI)' as their primary focus. Different metrics apply to different projects with respect to ROI. It is difficult to map out a return on investment benefit on Advanced Metering Infrastructure (AMI) investments. For long-term stability, consider putting a different ROI metric on AMI than big capital investments.
- There has been a lot of effort put into the first five options. Put more emphasis on 'Shared Benefits.'



- There is no consistency in 'Funding Demands' and 'Effective Funding Mechanisms' will be challenging.

Question 2: What barriers have you observed or experienced that have limited your ability to secure or effectively utilize local and regional funding? What barriers do you suggest Update 2018 address.

Responses/Recommendations/Comments

- The most prominent barrier is never enough funding. Local funding is very competitive.
- The public perceives that if there is no flood, people are not worrying about flood insurance. Without a flood, they may not want to fund flood programs.

Question 3: Thinking about long-term water sustainability, what stable funding sources do you see as viable options to achieve statewide water sustainability.

Responses/Recommendations/Comments

- It would be beneficial to create a water insurance program with associated rates. This program could offer incentive programs for water conservation or water supply innovation. The money generated from the program could then be redistributed throughout the State.
- Revenue bonds are an option to consider. The process of revenue bonds needs to be transparent and clearly articulated.
- With the possibility of a water fee in mind, consider exploring the model of the transportation world and self-help counties. Apply a similar model to the river basin scale.

H. Attendees

Public	
First Name	Last Name
Blake	Atkerson
Colin	Bailey
Elizabeth	Betancourt
Lisa	Beutler
Christi	Black-Davis
David	Bolland
Paula	Britton
Andrea	Buckley
Anthony	Chacon
Grace	Chan
Dan	Constable



Barbara	Cross
Grant	Davis
Ron	Davis
Samuel	Diaz
Jit	Dua
Mitra	Emami
Marcella	Ernest
Edgar	Fandialan
Leslie	Gallagher
Charles	Gardiner
Bob	Gore
Julie	Griffith-Flatter
Joseph	Grindstaff
Jack	Hawks
Richard	Johnson
Rami	Kahlon
John	Kingsbury
Nick	Konovaloff
Michelle	LaPena
Bradley	Leong
Paul	Levy
Anne	Lynch
Erin	Mackey
Robert	MacLean
Todd	Manley
Paul	Mason
Paul	McDougall
Rob	Moeler
Dan	Noble
Teresa	Pacheco
Mark	Pestrella
Chris	Petersen
John	Powderly
Timothy	Quinn
Frank	Ramirez
Kathy	Schaefer
Mark	Seits
Frazer	Shilling
Bob	Siegfried
Fred	Silva
Lester	Snow



Jeff	Stephenson
Sunny	Stevenson
Peter	Stickells
Derya	Sumer
Brian	Van Lienden
Terri	Wegner
Debbie	Whaley
Jonathan	Young

Agency Staff

Name	Agency / Organization
Jose Alarcon	Department of Water Resources
Curtis Anderson	Department of Water Resources
Anecita Agustinez	Department of Water Resources
Emily Alejandrino	Department of Water Resources
Manucher Alemi	Department of Water Resources
Wyatt Arnold	Department of Water Resources
Emmanuel Asinas	Department of Water Resources
Gary Bardini	Department of Water Resources
Bill Brewster	Department of Water Resources
Carmel Brown	Department of Water Resources
Xavier Cervantes	Department of Water Resources
Tracie Billington	Department of Water Resources
Kelly Briggs	Department of Water Resources
Abby Cerevic	Department of Water Resources
James Common	Department of Water Resources
Mark Cowin	Department of Water Resources
Simon Eching	Department of Water Resources
Juan Escobar	Department of Water Resources
Steve Ewert	Department of Water Resources
Greg Farley	Department of Water Resources
Farhad Farnam	Department of Water Resources
Megan Fidell	Department of Water Resources
Tom Filler	Department of Water Resources
Michael Floyd	Department of Water Resources
Vivian Gaxiola	Department of Water Resources
Ajay Goyal	Department of Water Resources
Kamyar Guivetchi	Department of Water Resources
Francisco Guzman	Department of Water Resources
Arthur Hinojosa	Department of Water Resources
Abdul Khan	Department of Water Resources



Jennifer Kofoid	Department of Water Resources
Gary Lippner	Department of Water Resources
Hoa Ly	Department of Water Resources
Elissa Lynn	Department of Water Resources
Jenny Marr	Department of Water Resources
Paul Massera	Department of Water Resources
Chris McCready	Department of Water Resources
Dan McManus	Department of Water Resources
Mike Mierzwa	Department of Water Resources
Lewis Moeller	Department of Water Resources
Daya Mralidharan	Department of Water Resources
Eric Nichol	Department of Water Resources
William O'Daly	Department of Water Resources
Elizabeth Patterson	Department of Water Resources
George Quallery	Department of Water Resources
Chas Rifredi	Department of Water Resources
Kim Rosmaier	Department of Water Resources
Jason Sidley	Department of Water Resources
Jeff Smith	Department of Water Resources
Darren Suen	Department of Water Resources
Christopher Williams	Department of Water Resources
Brett Wyckoff	Department of Water Resources
Darrin Polhemus	State Water Resources Control Board
Eric Oppenheimer	State Water Resources Control Board
Kris Tjernell	California Natural Resources Association
Emily Adams	Center for Collaborative Policy